



McC Clinton & Company, Inc.

PROPOSAL TO SUB-LEASE

Former Shoney's Building
805 Eastern Blvd,
Montgomery, Alabama
April 6, 2005

LANDLORD:

MAC EAST, L.L.C.

TENANT:

City Café Diners, or entity to be satisfactory to Landlord.
Lease will be personally guaranteed by Jimmy Tselios for
initial 5 Lease Years.

GUARANTOR:

Jimmy Tselios to provide personal guaranty

USE:

Restaurant

SQUARE FOOTAGE:

Approximately 4,550 Square Feet

TERM:

Approximately 8 Lease Years to expire on March 30, 2014
(1 day prior to expiration of Ground Lease term)

RENEWAL OPTIONS:

One 5-year renewal option to extend lease (ends March
30, 2019)

Two additional 5-year renewal options will automatically
be made available only if Landlord purchases pursuant to
Ground Lease as provided below

MINIMUM ANNUAL RENT:

Rental increases based on five-year increments

-Lease Years 1-5 \$77,350.00 (per annum)

-Lease Years 6-10 \$84,175.00 (per annum)

-Lease Years 11-13 \$88,725.00 (per annum) Final term
will expire on March 31, 2019, simultaneous with Ground
Lease, unless extended by purchase of Ground Lease as
provided below

6% over breakpoint of \$2,300,000 Annually

Tenant directly responsible for all costs and expenses relating
to the use and operation of the property and improvements,
including taxes and insurance.

ANNUAL % RENTAL:

**OPERATING COSTS, TAXES
& INSURANCE:**

Estimated at \$1.20 psf. (\$5,460 per annum)

Estimated at \$43 psf (\$1,956.50 per annum non-liquor)

TAXES:

INSURANCE:

CONDITION OF SPACE:

Landlord will provide building in as-is broom swept clean
condition, plus the following: a) repair any existing roof
leaks b) replace any interior damaged ceiling tiles, c)
provide inspection, and repair if necessary, of HVAC
system with 90-day warranty to Tenant, d) make minor
repairs and patch the parking lot and seal coat

120 days from delivery of premises to Tenant

30 days from Executed Lease.

COMMERCIAL REAL ESTATE

DEVELOPMENT

MANAGEMENT

BROKERAGE

2777 ZELDA ROAD

MONTGOMERY, AL 36106

334/270-9853

FAX 334/270-9811

www.mccClintonco.com

RENT COMMENCEMENT:

DELIVERY:

EXHIBIT

PURCHASE OPTION:

Landlord has the right under the Ground Lease to purchase the Fee Simple estate (ground) from the current owner at a price of the greater of \$750,000 or the appraised value of the property. In the event Landlord elects to purchase the ground, then Landlord will automatically make available to Tenant two more additional 5-year renewal options. Those option rents will be \$22.00 psf (\$100,100 per annum) for Lease Years 14-18 and \$23.50 psf (\$106,925 per annum) for years 19-23. If after 5 lease years in the term, Tenant notifies Landlord it wishes to purchase the land and building and upon payment of \$200,000 Earnest Money deposit (non-refundable, to be credited to purchase price), Landlord will exercise its Purchase Option under the Ground Lease and with simultaneous closing:

- 1) Landlord will sell the ground to Tenant at Landlord's cost as set forth in the Ground Lease, plus closing costs for purchase of Fee Simple, plus \$100,000 fee paid to Landlord for exercising the option.
- 2) Landlord will sell the building and improvements at the then fair market value as determined by an independent appraisal, less credit for the amount of Leasehold Improvements made by Tenant and substantiated with appropriate documentation, but in no event less than the appraised value as of 8/14/01 of \$342,000.

GROUND LEASE:

That certain Lease agreement dated April 13, 1979 by and between Wylie P. Johnson and wife, Lurene H. Johnson and MAC East, LLC., successor in interest by assignment from Shoney's Inc. (copy attached)

ASSIGNMENT AND ASSUMPTION OF LEASE:

That certain Assignment and Assumption of Lease dated February 20, 2002 by and between Shoney's, Inc. and MAC East, LLC (copy attached)

CONTINGENCIES:

The offer to lease as contemplated herein is subject to the provisions of the original Ground Lease and Assignment and Assumption of Lease, and may require the approval of third parties under those agreements

OWNERSHIP OF IMPROVEMENTS:

Leasehold Improvements, including but not limited to, all plumbing, lighting, electrical, heating, cooling and ventilating fixtures and equipment, or other articles of personal property used in the operation of the property (as distinguished from operations incident to the business of Assignee) will become the property of Landlord upon expiration or termination of the Lease agreement.

This proposal is not intended to create any legal rights or obligations, but rather to summarize the basic business terms of a proposed lease agreed upon to date. All of the legal rights and obligations of the parties will be set forth in the lease agreement and no such rights or obligations shall take effect unless or until the lease agreement has been fully executed by both Tenant and Landlord. Until the lease agreement is fully executed by both parties, the Landlord reserves the right to negotiate with other parties concerning the leasing of this space.

If you have not already done so, would you please furnish us with Financial Statements for the entity which will be executing the lease and/or guaranteeing the lease. These financial statements must be received and reviewed and approved by landlord and its lender prior to execution by landlord of the lease.

[SIGNATURE PAGE FOLLOWS]

The Proposal to Sub-Lease dated April 6, 2005 for the location known as 805 East Boulevard, Montgomery, Alabama as set forth above is accepted by Tenant this 18 day of APRIL, 2005 as the basic provisions agreed to for the preparation of the proposed lease agreement.

City Café Diner

By: 